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SUBJECT: GLOBAL ALUMINA ENTERS NEW PARTNERSHIP TO GAIN NECESSARY EXPERTISE AND CAPITAL

PROPRIETARY INFORMATION NOT TO BE POSTED ON THE INTERNET

REF: Conakry 1622

¶1. (SBU/PROPIN) Summary. Global Alumina is entering into a new strategic partnership, via joint venture with BHP Billiton (BHP), one of the world's leading alumina producers, and Dubai Aluminum (DUBAL), owner of one of the world's largest alumina smelters. Once the BHP board approves the deal, the three partners will share interest in the Global Alumina refinery in Guinea.

¶2. (SBU/PROPIN) The move is a genuine partnership, with equal shares to be held by each company. It stabilizes the Global Alumina refinery project, as the two new partners serve as guarantors. Leveraging its vast experience in the sector, BHP Billiton will manage the project. Long interested in a full bauxite-to-aluminum project, the host government was pleased by the November 2 announcement, because in addition to financing the refinery, the two new partners bring strong experience in alumina-to-aluminum production. End summary.

¶3. (SBU/PROPIN) In a 10 November meeting with the Ambassador, Global Alumina's Haskell Ward and Brian Herlihy shared details of Global's recent entry into strategic partnership with BHP Billiton and DUBAL, and the impact of the partnership on the refinery project. While the pre-construction phase of Global's refinery project has progressed well, Global was compelled to find strategic partners to share the project's 20 million USD per-month expenses. The project was initially estimated to cost 2.3 billion USD, but is now expected to exceed 3.1 billion USD. After considering eight potential partners, Global agreed to collaborate with BHP Billiton and DUBAL in an equity partnership with each company holding one third interest in the refinery. BHP Billition and DUBAL will serve as the project's guarantors, with each providing security for loans in excess of 50 million USD. Citing the experience both partners bring, Global's representatives were clearly pleased with the agreement.

BHP BILLITON

¶4. (SBU/PROPIN) BHP Billition is a dual-listed company with Australian and British corporate identity. In addition to its equity stake in the Global Alumina project, BHP will purchase alumina from the refinery to be processed elsewhere into aluminum. There are no current plans for a smelter project in Guinea. Although BHP's board of directors has not yet accepted the deal, it

is expected to do so. (BHP Billiton is already present in Guinea as part of EuroNima, a consortium of mining companies that hopes to extract high quality iron ore in the Mount Nimba region.)

¶5. (SBU/PROPIN) The output of the alumina refinery will add another million tons per year to BHP's worldwide alumina output, which was 4.1 million tons last year. An industry leader in ecologically sound mining projects and their attendant community development projects, BHP will be project manager for the development and construction of the refinery, rail upgrades, and port construction. Once the project is completed, BHP will continue to operate the plant. The Global refinery is to be closely modeled on BHP's successful projects in Mozambique.

DUBAL

¶5. (SBU/PROPIN) Wholly owned by the government of the United Arab Emirates, Dubai Aluminum Company (DUBAL) will share its one-third interest in the project with the investment company Mubadala Development, which is also wholly owned by the government of the United Arab Emirates. Their interest is to be shared 25 percent DUBAL, and 8.3 percent Mubadala. DUBAL owns of one of the world's largest alumina smelters and produces and exports primary aluminum products to more than 40 countries. DUBAL was already a player in Guinea's bauxite sector, purchasing all its Guinean bauxite from HALCO (i.e., ALCOA and ALCAN) which it processes in facilities worldwide.

COMMENT

¶6. (SBU/PROPIN) Global Alumina has grown from a start-up company with big dreams to a real player in the alumina industry. The partnership with DUBAL and BHP Billiton brings Global both financing and credibility. Some finer details persist such as intellectual property rights issues related to the refining process itself, which is owned by Global, and leveraging of Global's concession to solidify the agreement on infrastructure sharing with the government of Guinea. On the whole, however, the partnership is sound and all but ensures the refinery will be completed. Moreover, Guinea gains a company with the expertise to deliver one of its fondest desires: full bauxite-to-aluminum production, even if there are, at present, no plans to do this soup-to-nuts operation in Guinea.

MCDONALD